

## Message Text

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ACTION ARA-10

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E.O. 11652: N/A

TAGS: OAS, PFOR, BL

SUBJ: OAS REFORM, COUNTRY REVIEW PROCESS

REF: STATE 22265

1. SENTIMENTS ARE MIXED HERE WITH REGARD TO CEPSIES MEETINGS. BENEFITS DEPEND ON SERIOUSNESS WITH WHICH COUNTRY BEING REVIEWED AND PARTICIPATING AGENCIES APPROACH MEETING. PRINCIAL BENEFITS ARE THE DISCIPLINE IMPOSED ON COUNTRY GOVERNMENT TO REVIEW AND EXPLAIN ITS OVERALL ECONOMIC AND DEVELOPMENT SITUATION, MEET AND EXCHANGE VIEWS WITH AGENCY OFFICIALS IN WASHINGTON, AND PER-HPAS PROVIDE A TRAINING EXERCISE FOR UPCOMING JUNIOR OFFICIALS. ONE BOLIVIAN OFFICIAL WHO ATTENDED BOLIVIAN CEPSIES IN SEPTEMBER 1975 SAYS GOB'S PREPARATIONS FOR REVIEW BROUGHT TO THE ATTENTION OF SENIOR OFFICIALS THE IMPENDING PROBLEM WITH FOREIGN EXCHANGE RESERVES AND LED TO THE BOP MEASURES TAKEN IN SEPTEMBER AND OCTOBER, 1975. THIS SAME OFFICIAL -- THEN A PRESIDENTIAL ADVISOR AND NOW A SUB-SECRETARY IN MINISTRY OF PLANNING -- FEELS THE DISCIPLINE OF PREPARATIONS WAS GENERALLY USEFUL, BUT EXPRESSES DISAPPOINTMENT AT THE LACK OF GIVE-AND-TAKE DISCUSSION DURING THE GOB DELEGATION'S PRESENTATION AND THE BLANDNESS OF THE AGENCY COMMENTS -- WITH THE EXCEPTION OF THE IMF.

2. BOLIVIAN MINISTRIES OF AGRICULTURE, HEALTH AND EDUCATION HERE

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GENERALLY DISCOUNT THE CEPSIES MEETING AS WORTHLESS, REFLECTING

PERHAPS A PAROCHIAL LACK OF INTEREST IN BOLIVIA'S OVERALL ECONOMIC SITUATION AND POLICIES. NOR DOES A READING OF FINAL REPORT OF SEPTEMBER MEETING INDICATE THAT IT IS USED BY IFI'S TO COORDINATE THEIR ACTIVITIES. RATHER, THE COORDINATION SEEMS TO OCCUR THROUBH DIRECT CONTACT BETWEEN IFI OFFICIALS HERE AND IN WASHINGTON.

3. IT CAN BE QUESTIONED WHETHER THIS BOLIVIAN GOVERNMENT, WHICH IS PREPARING ANNUAL OPERATING PLANS, IS ABOUT TO COMPLETE A FIVE-YEAR PLAN, AND RECIEVES A PLETHORA OF VISITING IFI DELEGATIONS, NEEDS THE ADDITIONAL "DISCIPLINE" OF PREPARATION FOR CEPSIES OR WOULD NOT OTHERWISE MEET THE APPROPRAITE IFI OFFICIALS.

4. IN SHORT, WE SEE SOME POSITIVE BENEFITS OF CEPSIES, BUT THEY ARE MARGINAL. PERHAPS MAIN BENEFIT FROM USG VEIPOINT IS CHANCE TO HAVE A GOVERNMENT'S MACRO-ECONOMIC POLICY CRITIQUED IN A MANNER WHICH MAY SUPPORT THAT GOVERNMENT'S ABILITY TO TAKE DIFFICULT ECONOMIC MEASURES AT HOME.

5. IN RESPONSE TO QUESTIONS RAISED IN REFTEL, ON BALANCE EVEN THOUGH BENEFITS ARE MARGINAL, COUNTRY REVIEW IS THE ONE FORUM WHERE OVERALL ECONOMY CAN BE LOOKED AT BY ALL THE INTERESTED PARTIES AND SOME SUCH FORUM IS DESIRABLE. POSITIONS WITHIN THE GOB ARE ALSO MIXED, BUT WE SUSPECT THAT GOB'S PRINCIPAL ECONOMIC POLICY MAKER WOULD OPT FOR CONTINUING THE REVIEW (FALLING AS THEY NOW DO IN SEPTEMBER) AS A MEANS OF FORCING THE GOB BUREAUCRACY TO REVIEW ECONOMIC PERFORMANCE AND CONSIDER THE FUTURE. THE GOB HOPES FOR THE FORMATION OF AN IBRD CONSULTATIVE GROUP REFERRED TO LOCALLY AS JOINGING THE "PARIS CLUB" AND TO THE EXTENT THIS SUBSTITUTES FOR CEPSIES-STYLE REVIEW, THE GOB WOULD BE MORE WILLING TO SEE THE END OF CEPSIES. THERE IS LITTLE REGARD HERE, HOWEVER, FOR THE QUALITY OF CEPSIES SECRETARIAT AND GOB WOULD PROBABLY BE ODHEN TO CONSIDERING A SHIFT OF VENUE TO SOME AGENCY SUCH AS THE IDB.

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